

A. FURTHER INFORMATION ABOUT THE COMPANY**1. Incorporation**

The Company was incorporated in the Cayman Islands in the name of Panda-Recruit Limited under the companies law of the Cayman Islands on 13th March, 2000 and was registered in Hong Kong as an overseas company in Hong Kong under Part XI of the Companies Ordinance. On 16th January, 2003, the Company changed its name to Recruit Holdings Limited and redomiciled to Bermuda on 29th January, 2003. The Company operates subject to the Companies Act and its constitution which comprises the memorandum of continuance and Bye-laws. A summary of various provisions of the Company's constitution and certain relevant aspects of the Companies Act are set out in Appendix IV to this document.

The Group's principal place of business in Hong Kong is at 26th Floor, 625 King's Road, North Point, Hong Kong. Mr. Lau and Ms. Ho Suk Yi are the authorised representatives of the Company for acceptance of service of process and notices on behalf of the Company in Hong Kong. Their business address is the same as the Group's aforesaid principal place of business in Hong Kong.

2. Changes in share capital of the Company

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$100,000,000 divided into 500,000,000 Shares and the issued share capital of the Company was HK\$55,088,400 divided into 275,442,000 Shares fully paid or credited as fully paid, with 224,558,000 Shares remaining unissued.

The following changes in the issued share capital of the Company have taken place within the two years preceding the Latest Practicable Date:

- (i) For the year ended 31st December, 2005, 1,718,000 Shares were issued upon the exercise of share options pursuant to the GEM Share Option Scheme.
- (ii) For the year ended 31st December 2006, 582,000 Shares were issued upon the exercise of share options pursuant to the GEM Share Option Scheme.
- (iii) From 1st January, 2007 to the Latest Practicable Date, 642,000 Shares were issued upon the exercise of share options pursuant to the GEM Share Option Scheme.

3. Changes in the share capital or registered capital of subsidiaries and associated companies of the Company

The Company's subsidiaries are referred to in the accountants' report contained in Appendix I to this document.

The following changes in share capital or registered capital of the subsidiaries and associated companies of the Company have been taken place within two years preceding the date of this document.

- (i) On 22nd November, 2005, Oriental Touch China with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each, was incorporated in the BVI with limited liability whereby 45 shares, 50 shares and five shares in Oriental Touch China were allotted and issued to Recruit (BVI), Oriental Touch Limited and Fung Hon Hung respectively on 20th January, 2006. 45 shares in Oriental Touch were transferred from Recruit (BVI) to Naturbest on 1st December, 2006 at an aggregate consideration of US\$45.
- (ii) On 12th April, 2006, the registered capital of RMCSC was increased from US\$500,000 to US\$2,000,000. RMCSC is wholly-owned by RCH.
- (iii) On 13th April, 2006, RMS with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each, was incorporated in Hong Kong with limited liability whereby one share in RMS was allotted and issued to Recruit (BVI). on 2nd January, 2007.
- (iv) On 5th July, 2006, Chinavantage with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each, was incorporated in the BVI with limited liability whereby one share in Chinavantage was allotted and issued to Recruit (BVI) on 1st August, 2006.
- (v) On 15th August, 2006, Naturbest with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each, was incorporated in the BVI with limited liability whereby one share in Naturbest was allotted and issued to Recruit (BVI) on 1st December, 2006.
- (vi) On 27th September, 2006, Shanghai Lieying was established as a company with limited liability in the PRC with a registered capital of RMB100,000 and legally owned by two employees of the Group. The Group has entered into a series of contractual agreements with Shanghai Lieying and its shareholders to enable the Group enjoy the economic benefits of Shanghai Lieying.
- (vii) On 18th October, 2006, Recruit (BVI) acquired 300 shares of HK\$1 each of 1010 Group from a minority shareholder of 1010 Group, at an aggregate consideration of HK\$300. As a result, the Group's equity interest in 1010 Group increased from 70% to 73%.
- (viii) On 29th December, 2006, the authorised share capital of 1010 Group was increased by 49,990,000 shares of HK\$1 each from 10,000 shares to 50,000,000 shares and the issued share capital was increased by 32,990,000 shares of HK\$1 each from 10,000 shares to 33,000,000 shares, whereby 23,992,700 shares, 1,999,400 shares, 999,700 shares, 999,700 shares and 4,998,500 shares in 1010 Group were allotted to Recruit (BVI), Tsoi Chit Shun, Cheung Ning, Pang Tak Hung and GRS, respectively.

- (ix) On 2nd January, 2007, 1010 Printing (UK) with an authorised share capital of GBP1,000 divided into 1,000 shares of GBP1 each, was incorporated in the United Kingdom with limited liability whereby 740 shares, 245 shares and 15 shares in 1010 Printing (UK) were allotted and issued to 1010 Group, Simon Hodson and Andrew Law respectively on 2nd January, 2007.
- (x) On 8th January, 2007, RGL with an authorised share capital of US\$5,000,000 divided into 5,000,000 shares of US\$1 each, was incorporated in the BVI with limited liability whereby 8,550 shares and 450 shares in RGL were allotted and issued to Recruit (BVI) and an Independent Third Party respectively on 8th January, 2007.
- (xi) Pursuant to a subscription agreement entered into among the Company, Recruit (BVI), RGL and Jobstreet dated 7th February, 2007, 1,000 new shares of RGL of US\$1 each were allotted and issued to Jobstreet at an aggregate consideration of HK\$7.5 million on 15th February, 2007. Total issued share capital of RGL were increased from 9,000 shares to 10,000 shares. On 15th February, 2007, another 1,000 shares in RGL were transferred from Recruit (BVI) to Jobstreet at an aggregate consideration of HK\$7.5 million.

Save as disclosed herein, there has been no change in the share capital or registered capital of the subsidiaries and associated companies of the Company within two years preceding the date of this document.

B. FURTHER INFORMATION ABOUT THE BUSINESS

Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this document and are or may be material:

- (i) Two contracts both dated 17th March, 2006 entered into between ROA and 1010 Printing both as purchasers, and the vendor of the machinery who is an Independent Third Party regarding the purchase of a total of six sets of machinery designed for upgrading the automatic production line in the printing operation, details of which are set out in the circular of the Company dated 10th April, 2006.
- (ii) The sale and purchase agreement dated 3rd August, 2006, entered into between Easking as the seller and an Independent Third Party as the purchaser, regarding the disposal of property interests of the Group in respect of offices 2601 and 2602 on 26th Floor, K. Wah Centre, No. 191 Java Road, Hong Kong, for a consideration of HK\$52,283,020, details of which are set out in the circular of the Company dated 8th August, 2006.

- (iii) The share sale agreement dated 1st December, 2006 entered into between RCL as the purchaser and two shareholders of PPGI in respect of the acquisition of an aggregate of 30% equity interest in PPGI for an aggregate consideration of HK\$18 million, details of which are set out in the circular of the Company dated 27th December, 2006.
- (iv) The sale and purchase agreement dated 19th November, 2005, entered into between an Independent Third Party as seller, and Recruit Advertising Limited as the purchaser, regarding the acquisition of property interests in respect of workshop 3 on 9th Floor, Technology Plaza, No. 651 King's Road, North Point, Hong Kong, for a consideration of HK\$1,473,000.
- (v) The agreement dated 7th February, 2007 entered into between Jobstreet, Recruit (BVI), RGL and the Company for the acquisition of 10% and subscription of 10% of the issued shares in RGL, details of which are set out in the circular of the Company dated 27th February, 2007.

Summary of the Contractual Arrangements in respect of certain PRC entities within the Group

(1) Shanghai Decai

- (i) Pursuant to a framework agreement dated 21st January, 2005 (as subsequently amended by two supplemental agreements dated 26th May, 2005 and 19th September, 2005, entered into among parties including RMCSC, Shanghai Decai, Chen Kangli (the then shareholder of Shanghai Decai), Chen Yingjie (owner of 2% of the registered capital of Shanghai Decai) and Liu Yazhen (owner of 98% of the registered capital of Shanghai Decai), among other things, that:
 - (a) RMCSC agreed to procure ROA and RCH to advance all registered capital of Shanghai Decai;
 - (b) RMCSC, ROA and RCH were granted an option to acquire 100% of Shanghai Decai for a consideration of RMB1 or the lowest price allowed under PRC laws;
 - (c) Shanghai Decai would obtain consulting services from RMCSC; and
 - (d) RMCSC agreed to license the trademarks "Corner Office" and "1010job" to Shanghai Decai.

- (ii) Pursuant to a human resources service agreement entered into between RMCSC and Shanghai Decai dated 21st January, 2005, RMCSC agreed to provide Shanghai Decai human resources consulting services in consideration of a fee equal to 50% of Shanghai Decai's after-tax profits.
- (iii) Pursuant to an enterprise development consulting agreement entered into between RMCSC and Shanghai Decai dated 21st January, 2005, RMCSC agreed to provide Shanghai Decai enterprise development consulting services in consideration of a fee equal to 30% of Shanghai Decai's after-tax profits.
- (iv) Pursuant to a trademark license agreement between RMCSC and Shanghai Decai dated 21st January, 2005 amended by a supplemental agreement dated 19th September, 2005, among other things, RMCSC agreed to license to Shanghai Decai a non-exclusive and non-transferable right to use the trademarks "Corner Office" and "1010job" in consideration of a fee equal to 20% of Shanghai Decai's after-tax profits.
- (v) Pursuant to irrevocable warranties executed by Chen Yingjie in favour of RCH and RMCSC dated 21st January, 2005 and amended on 16th June, 2005, and by Liu Yazhen in favour of RCH and RMCSC dated 20th April, 2005 and amended on 16th June, 2005, Chen Yingjie and Liu Yazhen undertook, among other things, not to dispose or pledge any interests in Shanghai Decai without prior written consent of RCH or RMCSC; and to waive the pre-emptive right to acquire the remaining equity interests in Shanghai Decai held by another shareholder. Each also agreed that all directors, supervisors, the general manager and other senior managers of Shanghai Decai would be nominated by RCH or RMCSC; and all material business operations of Shanghai Decai would be supervised by RCH or RMCSC.
- (vi) Pursuant to an equity pledge agreement entered into by RMCSC, Liu Yazhen, Chen Yingjie and Shanghai Decai dated 12th December, 2006, Liu Yazhen and Chen Yingjie pledged 100% of their equity interests in Shanghai Decai to RMCSC to guarantee their performance of the agreements mentioned above.

(2) *Shanghai Haifan*

- (ii) Pursuant to a framework agreement dated 21st January, 2005 amended by two supplemental agreements dated 26th May, 2005 and 19th September, 2005, entered into among parties including RMCSC, Shanghai Haifan, Chen Kangli (the then shareholder of Shanghai Haifan), Chen Yingjie (owner of 40% of the registered capital of Shanghai Haifan) and Liu Yazhen (owner of 60% of the registered capital of Shanghai Haifan), among other things:
 - (a) RMCSC agreed to procure ROA and RCH to advance all registered capital of Shanghai Haifan;
 - (b) RMCSC, ROA and RCH were granted an option to acquire 100% of the equity interest in Shanghai Haifan for a consideration of RMB1 or the lowest price allowed under PRC laws;
 - (c) Shanghai Haifan would obtain consulting services from RMCSC; and
 - (d) RMCSC would license the trademarks “Corner Office” and “1010job” to Shanghai Haifan.
- (ii) Pursuant to an advertisement services consulting agreement entered into between RMCSC and Shanghai Haifan dated 21st January, 2005, RMCSC agreed to provide Shanghai Haifan consulting services on advertisement services in consideration of a fee equal to 50% of Shanghai Haifan’s after-tax profits.
- (iii) Pursuant to an enterprise development consulting agreement entered into between RMCSC and Shanghai Haifan dated 21st January, 2005, RMCSC agreed to provide Shanghai Haifan enterprise development consulting services in consideration of a fee equal to 30% of Shanghai Haifan’s after-tax profits.
- (iv) Pursuant to a trademark license agreement between RMCSC and Shanghai Haifan dated 21st January, 2005 amended by a supplemental agreement dated 19th September, 2005, among other things, RMCSC agreed to license to Shanghai Haifan a non-exclusive and non-transferable right to use the trademarks “Corner Office” and “1010job” in consideration of a fee equal to 20% of Shanghai Haifan’s after-tax profits.

- (v) Pursuant to irrevocable warranties executed by Chen Yingjie in favour of RCH and RMCSC dated 21st January, 2005, and by Liu Yazhen in favour of RCH and RMCSC dated 2nd February, 2005, both Chen Yingjie and Liu Yazhen undertook, among other things, not to dispose or pledge any interests in Shanghai Haifan without prior written consent of RCH or RMCSC; and to waive the pre-emptive right to acquire the remaining equity interests in Shanghai Haifan held by another shareholder. Each also agreed that all directors, supervisors, the general manager and other senior managers of Shanghai Haifan would be nominated by RCH or RMCSC; and all material business operations of Shanghai Haifan would be supervised by RCH or RMCSC.
 - (vi) Pursuant to an equity pledge agreement entered into by RMCSC, Liu Yazhen, Chen Yingjie and Shanghai Haifan dated 12th December, 2006, Liu Yazhen and Chen Yingjie pledged 100% of their equity interests in Shanghai Haifan to RMCSC to guarantee their performance of the agreements mentioned above.
- (3) *Shanghai Lieying*
- (i) Pursuant to a framework agreement dated 27th September, 2006 entered into between RMCSC, Shanghai Lieying, Wu Jun (owner of 95% of the registered capital of Shanghai Lieying) and Su Leigang (owner of 5% of the registered capital of Shanghai Lieying), among other things:
 - (a) RMCSC agreed to procure ROA and RCH to advance all registered capital of Shanghai Lieying;
 - (b) RMCSC, ROA and RCH were granted an option to acquire 100% equity interest in Shanghai Lieying for a consideration of RMB1 or the lowest price allowed under PRC laws;
 - (c) Shanghai Lieying would obtain consulting services from RMCSC; and
 - (d) RMCSC would license the trademarks “Corner Office” and “1010job” to Shanghai Lieying.
 - (ii) Pursuant to a human resources consulting agreement entered into between RMCSC and Shanghai Lieying dated 27th September, 2006, RMCSC agreed to provide Shanghai Lieying human resources consulting services in consideration of a fee equal to 50% of Shanghai Lieying’s total after-tax profits.

- (iii) Pursuant to an enterprise development consulting agreement entered into between RMCSC and Shanghai Lieying dated 27th September, 2006, RMCSC agreed to provide Shanghai Lieying enterprise development consulting services in consideration of a fee equal to 30% of Shanghai Lieying's total after-tax profits.
- (iv) Pursuant to a trademark license agreement entered into between RMCSC and Shanghai Lieying dated 27th September, 2006, among other things, RMCSC agreed to license to Shanghai Lieying a non-exclusive and non-transferable right to use the trademarks "Corner Office" and "1010job" in consideration of a fee equal to 20% of Shanghai Lieying's total after-tax profits.
- (v) Pursuant to irrevocable warranties executed by Su Leigang and Wu Jun in favour of RCH and RMCSC, both dated 27th September, 2006, Su Leigang and Wu Jun undertook, among other things, not to dispose or pledge any interests in Shanghai Lieying without prior written consent of RCH or RMCSC; and to waive the pre-emptive right to acquire the remaining equity interests in Shanghai Lieying held by another shareholder. Each also agreed that all directors, supervisors, the general manager and other senior managers of Shanghai Lieying would be nominated by RCH or RMCSC; and all material business operations of Shanghai Lieying would be supervised by RCH or RMCSC.
- (vi) Pursuant to an equity pledge agreement entered into by RMCSC, Wu Jun, Su Leigang and Shanghai Lieying dated 12th December, 2006, Wu Jun and Su Leigang pledged 100% of their equity interests in Shanghai Lieying to RMCSC to guarantee their performance of the agreements mentioned above.

Service contracts

Each of the non-executive Directors has entered into a service contract with the Company for a term of two years commencing on 1st January, 2006 and is subject to termination by either party giving not less than one month's prior written notice to the other.

Save as disclosed above, none of the Directors has entered into any service contracts with any member of the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

Intellectual properties

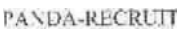
(i) Trademarks

As at the Latest Practicable Date, the Group was the registered owner of the following trademarks which are material to its business:

Trademark	Place of registration	Expiry date	Class	Products and services covered	Registration number
	Hong Kong	10th April, 2017	16	Recruitment newspapers.	2003B00123AA
	Hong Kong	10th April, 2017	35	Advertising services relating to job vacancies.	2003B00123AA
	Hong Kong	27th June, 2007	16	Paper and paper products, printed matter publications, periodicals, journals, newspapers and magazines.	200112310
宇宙熊貓網	Hong Kong	27th June, 2007	16	Paper and paper products, printed matter publications, periodicals, journals, newspapers and magazines.	200112669
	Hong Kong	27th June, 2007	35	Advertising services, advertising agency services, dissemination of advertising matter, employment agency services; business management consulting, business management services, marketing studies, providing information relating to recruitment of personnel, employment, employment advertising and recruitment services.	200208222
	Hong Kong	27th June, 2007	38	Telecommunication services, delivery of information in electronic datastyle through a computer on-line link.	200208223

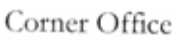
Trademark	Place of registration	Expiry date	Class	Products and services covered	Registration number
	Hong Kong	27th June, 2007	41	Education and training services; publication of books, magazines and periodicals; organising events for cultural purposes.	200208224
	Hong Kong	27th June, 2007	42	Creation, hosting, development, operation and design of website; computer services; computer network services.	200208225
	The PRC	27th November, 2015	35	Advertising services, advertising agency services, dissemination of advertising matter, employment agency services; business management consulting, business management services, marketing studies, providing information relating to recruitment of personnel, employment, employment advertising and recruitment services.	795802
	The PRC	27th July, 2011	16	Paper and paper products, printed matter publications, periodicals, journals, newspapers and magazines.	1608676
PandaPlanet	The PRC	27th July, 2011	16	Paper and paper products, printed matter publications, periodicals, journals, newspapers and magazines.	1608679
PANDA-RECRUIT	The PRC	27th July, 2011	16	Paper and paper products, printed matter publications, periodicals, journals, newspapers and magazines.	1608680
宇宙熊貓網	The PRC	27th July, 2011	16	Paper and paper products, printed matter publications, periodicals, journals, newspapers and magazines.	1608681
PANDA-RECRUIT	The PRC	27th August, 2011	36	Insurance; insurance consultancy; banking; real estate; real estate management; agency; warranty; fundraising; trustee.	1627810
PANDA-RECRUIT	The PRC	27th September, 2011	41	Education and training services; publication of books, magazines and periodicals; organising events for cultural purposes.	1643832

Trademark	Place of registration	Expiry date	Class	Products and services covered	Registration number
PandaPlanet	The PRC	27th September, 2011	41	Education and training services; publication of books, magazines and periodicals; organising events for cultural purposes.	1643834
熊猫- RECRUIT	The PRC	20th October, 2011	16	Typewriter; educational material; construction model.	1652712
PANDA-RECRUIT	The PRC	27th January, 2012	38	Telecommunication services, delivery of information in electronic datastyle through a computer on-line link.	1707909
PandaPlanet	The PRC	27th January, 2012	38	Telecommunication services, delivery of information in electronic datastyle through a computer on-line link.	1707910
	The PRC	6th February, 2012	38	Telecommunication services, delivery of information in electronic datastyle through a computer on-line link.	1711468
宇宙熊貓網	The PRC	20th February, 2012	41	Education and training services; publication of books, magazines and periodicals; organising events for cultural purposes.	1719808
	The PRC	20th February, 2012	41	Education and training services; publication of books, magazines and periodicals; organising events for cultural purposes.	1719812
宇宙熊貓網	The PRC	20th March, 2012	38	Telecommunication services, delivery of information in electronic datastyle through a computer on-line link.	1735509
	The PRC	20th April, 2012	35	Advertising services, advertising agency services, dissemination of advertising matter, employment agency services; business management consulting, business management services, marketing studies, providing information relating to recruitment of personnel, employment, employment advertising and recruitment services.	1754316

Trademark	Place of registration	Expiry date	Class	Products and services covered	Registration number
	The PRC	20th April, 2012	41	Publication of books; entertainment.	1754650
	The PRC	20th April, 2012	35	Employment agency services; business management consulting, business management services, marketing studies, providing information relating to recruitment of personnel, employment, employment advertising and recruitment services.	1754721
	The PRC	27th April, 2012	35	Advertising services, advertising agency services, dissemination of advertising matter, employment agency services; business management consulting, business management services, marketing studies, providing information relating to recruitment of personnel, employment, employment advertising and recruitment services.	1759337
	The PRC	27th April, 2012	35	Advertising services, advertising agency services, dissemination of advertising matter, employment agency services; business management consulting, business management services, marketing studies, providing information relating to recruitment of personnel, employment, employment advertising and recruitment services.	1759348
	The PRC	13th May, 2012	16	Paper and paper products, printed matter publications, periodicals, journals, newspapers and magazines.	1765824
	The PRC	13th June, 2012	42	Creation, hosting, development, operation and design of website; computer services; computer network services.	1789870

Trademark	Place of registration	Expiry date	Class	Products and services covered	Registration number
PandaPlanet	The PRC	13th June, 2012	42	Creation, hosting, development, operation and design of website; computer services; computer network services.	1789871
PANDA-RECRUIT	The PRC	13th June, 2012	42	Creation, hosting, development, operation and design of website; computer services; computer network services.	1789893
熊猫-RECRUIT	The PRC	20th June, 2012	42	Creation, hosting, development, operation and design of website; computer services; computer network services.	1794985
	The PRC	27th June, 2012	38	Telecommunication services, delivery of information in electronic datastyle through a computer on-line link.	1799208
宇宙熊貓網	The PRC	6th July, 2012	42	Creation, hosting, development, operation and design of website; computer services; computer network services.	1804404
宇宙熊貓網	The PRC	6th July, 2012	35	Advertising services, advertising agency services, dissemination of advertising matter, employment agency services; business management consulting, business management services, marketing studies, providing information relating to recruitment of personnel, employment, employment advertising and recruitment services.	1804486
	The PRC	6th December, 2012	35	Employment agency services; business management consulting, management services, marketing studies, providing information relating to recruitment of personnel, employment, employment advertising and recruitment services.	1947056
	The PRC	27th November, 2013	42	Creation, hosting, development, operation and design of website; computer services; computer network services.	1969320

As at the Latest Practicable Date, the Group has applied for the following trademarks which are material to its business:

Trademark	Place of application	Application date	Class	Products and services covered	Application number
	The PRC	21st January, 2005	16	Paper and paper products, printed matter publications, periodicals, journals, newspapers and magazines.	4474893
	The PRC	21st January, 2005	35	Advertising services, advertising agency services, dissemination of advertising matter, employment agency services; business management consulting, business management services, marketing studies, providing information relating to recruitment of personnel, employment, employment advertising and recruitment services.	4474894
	The PRC	21st January, 2005	16	Paper and paper products, printed matter publications, periodicals, journals, newspapers and magazines.	4474895
	The PRC	21st January, 2005	35	Advertising services, advertising agency services, dissemination of advertising matter, employment agency services; business management consulting, business management services, marketing studies, providing information relating to recruitment of personnel, employment, employment advertising and recruitment services.	4474896
	The PRC	19th September, 2005	35	Advertising services, advertising agency services, dissemination of advertising matter, employment agency services; business management consulting, business management services, marketing studies, providing information relating to recruitment of personnel, employment, employment advertising and recruitment services.	4904084

(ii) *Domain names*

As at the Latest Practicable Date, the Group was the registered owner of the following domain names which are material to the Group's business:

Domain Name	Expiry date
1010printing.com	21st June, 2008
recruitonline.com	2nd September, 2008
mvpjob.com	18th August, 2008
1010jobs.com	18th August, 2008
wowjob.com	12th August, 2007
1010job.com	17th August, 2008
recruit.hk	30th March, 2011
recruit.com.hk	12th December, 2010
4results.com.hk	3rd October, 2008
central.com.hk	Not applicable
bigfishnet.com.hk	3rd November, 2008
bigfishnet.hk	3rd November, 2008
recruitonline.hk	11th May, 2009
recruitonline.com.hk	13th May, 2009
recruitmagazine.hk	11th May, 2009
recruitmagazine.com.hk	11th May, 2009
merchandisersonline.com.hk	21st September, 2007
merchandisersonline.hk	21st September, 2007
merchandiserjob.com.hk	21st September, 2007
merchandiserjob.hk	21st September, 2007
merchandiserjobs.com.hk	27th September, 2007
merchandiserjobs.hk	27th September, 2007
recruitgroup.cn	10th January, 2008
recruitgroup.com.cn	11th January, 2008
corneroffice.cn	30th December, 2007
corneroffice.com.cn	30th December, 2007
dcmconsultants.cn	18th March, 2008
parcomedia.com.cn	7th September, 2007
parcomedia.cn	7th September, 2007

C. FURTHER INFORMATION ABOUT THE GROUP'S DIRECTORS, SENIOR MANAGEMENT AND STAFF

1. Directors' and chief executives' interests and short positions in the shares and underlying shares of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions), or which would be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein, or which are required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in Shares

(a) Interests in the Shares

Name of Directors	Personal interests (Shares)	Family interests (Shares)	Corporate interests (Shares)	Total interests (Shares)	Percentage to the issued share capital of the Company (%)
Mr. Lau (Note 1)	Nil	Nil	178,894,000	178,894,000	64.95
Mr. Lee (Note 2)	100,500	50,000	Nil	150,500	0.05
Mr. Peter Stavros Patapios Christofis	670,500	Nil	Nil	670,500	0.24
Mr. Cheng Ping Kuen, Franco	204,000	Nil	Nil	204,000	0.07

Notes:

- Of 178,894,000 Shares, 940,000 Shares and 177,954,000 Shares are beneficially owned by ER2 and City Apex respectively. As at the Latest Practicable Date, Mr. Lau beneficially owned 67% of the issued share capital of ER2, which is the ultimate holding company of City Apex. Accordingly, Mr. Lau is deemed to be interested in the said Shares pursuant to Part XV of the SFO.
- Of 150,500 Shares, 50,000 Shares are beneficially owned by the wife of Mr. Lee, who is deemed to be interested in the said Shares under Part XV of the SFO.

(ii) *Long position of share options granted pursuant to the GEM Share Option Scheme*

(b) Options to subscribe for the Shares

Name of Director	Date of grant	Exercise price per share (HK\$)	Vesting period	Exercisable period	Number of underlying shares comprised in the options	Percentage to the issued share capital of the Company (%)
Ms. Ho Suk Yi	17th May, 2004	0.28	17th May, 2004 to 16th May, 2005	17th May, 2005 to 2nd July, 2013	250,000	0.09
Ms. Ho Suk Yi	9th December, 2004	0.43	9th December, 2004 to 8th December, 2005	9th December, 2005 to 2nd July, 2013	250,000	0.09

Saved as disclosed above, as at the Latest Practicable Date, to the knowledge of the Company, none of the Directors or chief executives of the Company and their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules to be notified to the Company and the Stock Exchange relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

2. Directors' interest in competing business

As at the Latest Practicable Date, save as disclosed below and in the section headed "Relationship with controlling shareholders and the Directors" in this document, none of the Directors nor their respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Name of Directors	Name of companies	Nature of competing business	Nature of interest
Mr. Lau	IRG	Executive search business in the UK	As a director and shareholder
	SWPL (with the trading name of "Amrop Hever")	Executive search business in Hong Kong and the PRC	As a shareholder
Mr. Wan	SWPL (with the trading name of "Amrop Hever")	Executive search business in Hong Kong and the PRC	As a director and shareholder

Mr. Lau and Mr. Wan are considered as having an interest in the executive search business which may potentially compete with the job matching service (a service for linking up job seekers with employers) provided by the Group in Shanghai. The job matching service is a service ancillary to the Group's principal activities, including recruitment and non-recruitment advertising. Revenue generated from the job matching service is minimal as compared to the Group's total turnover. Having considered the different nature and size of Mr. Lau and Mr. Wan's business, the Directors believe that they are unlikely to cause any significant competitions to the businesses of the Group.

The Group is capable of carrying on its businesses independently of, and at arm's length from the competing businesses as mentioned above.

3. Directors' remuneration

Aggregate Directors' remuneration, including directors' fee, salaries, allowances, retirement benefit scheme contributions, and the value of share options granted to certain Directors under the GEM Share Option Scheme, amounted to HK\$623,000, HK\$1,299,000 and HK\$4,412,000 were paid by the Group for each of the three years ended 31st December, 2006, respectively. No Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this document.

Under the current arrangements, the aggregate emoluments to the Directors for the year ending 31st December, 2007 is expected to be approximated HK\$4.0 million, excluding value of share options and discretionary bonuses.

Save as disclosed in note 9 of section II of the accountants' report contained in Appendix I to this document, none of the Directors received any remuneration or benefits in kind from the Group for each of the three years ended 31st December, 2006.

D. GEM SHARE OPTION SCHEME

A summary of the principal terms of the GEM Share Option Scheme (which will be terminated and replaced by the Proposed Share Option Scheme subject to the approval of the Shareholders at the SGM) is set out below.

(a) Purpose

The purpose of the GEM Share Option Scheme is to reward full-time employees who have contributed to the Group and to encourage them to work towards enhancing the value of the Company and its Shares for the benefit of the Company and the Shareholders as a whole.

(b) Who may join

The committee of the board of Directors constituted to administer the GEM Share Option Scheme (the “GEM Option Scheme Committee”) may, at its discretion, offer full-time employees, including executive directors in the full time employment of the Company and/or any of its subsidiaries, options to subscribe for such number of new Shares as the GEM Option Scheme Committee may determine at an exercise price determined in accordance with paragraph (c) below.

Any offer of the grant of an option shall remain open for acceptance by the employee concerned for a period as determined by the GEM Option Scheme Committee, which period shall not be more than 3 days from the date of the offer. Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant and the option shall be deemed to have been granted and to have taken effect with retrospective effect from the date on which the option is offered.

(c) Price of Shares

The subscription price of a Share in respect of any particular option granted under the GEM Share Option Scheme shall be such price as the Option Scheme Committee in its absolute discretion shall determine, save that such price will not be less than the highest of (i) the closing price of the Shares on GEM as stated in the Stock Exchange’s daily quotations sheet on the date of offer of the option; (ii) the average of the closing prices of the Shares on GEM as stated in the Stock Exchange’s daily quotations sheets for the five days on which the Stock Exchange is open for the business of dealing in securities immediately preceding the date of offer of the option; and (iii) the nominal value of a Share.

(d) Maximum number of Shares

- (i) The maximum number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the GEM Share Option Scheme will not, subject to the conditions set out below, when aggregated with any Shares subject to any other scheme, exceed such number which shall represent 30 per cent. of the issued ordinary share capital of the Company from time to time, excluding for this purpose
 - (aa) Shares issued and allotted upon the exercise of options granted pursuant to the GEM Share Option Scheme or any other scheme and
 - (bb) any pro rata entitlements to further Shares issued in respect of those Shares mentioned in (aa) above:
 - (1) the total number of Shares available for issue under options which may be granted under the GEM Share Option Scheme and any other scheme must not, in aggregate, exceed 10 per cent. of the issued share capital of the Company as at the date of the listing of the Shares on GEM unless shareholders' approval has been obtained pursuant to paragraph (2) or (3) below;
 - (2) the GEM Option Scheme Committee may seek approval by shareholders in general meeting to refresh the 10 per cent. limit. However, the total number of Shares available for issue under options which may be granted under the GEM Share Option Scheme and any other schemes in these circumstances must not exceed 10 per cent. of the issued share capital of the Company at the date of approval of the refreshing of the limit; and
 - (3) the GEM Option Scheme Committee may seek separate shareholders' approval in general meeting to grant options beyond the 10 per cent limit provided that (i) the total number of Shares subject to the GEM Share Option Scheme and any other schemes does not in aggregate exceed 30 per cent. of the total issued share capital of the Company and (ii) the options in excess of the 10 per cent limit are granted only to participants specified by the GEM Option Scheme Committee before such approval is sought.
- (ii) No option may be granted to any one person which if exercised in full would result in the total number of Shares already issued and issuable to him under all the options previously granted to him and the said option exceeding 25 per cent. of the number of Shares issued and issuable under all the options which may be granted under the GEM Share Option Scheme at the time it is proposed to grant the relevant option to that person.

(e) Restrictions on grant of options

- (i) No option shall be granted after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been announced pursuant to the relevant requirements of the GEM Listing Rules and, in particular, no option shall be granted during the period of one month immediately preceding the preliminary announcement of the annual results of the Company or the publication of the interim results of the Company until such information has been announced pursuant to the relevant requirements of the GEM Listing Rules.
- (ii) Any grant of options to a connected person (as defined in the GEM Listing Rules) must be approved by the independent non-executive directors of the Company.
- (iii) Where options are proposed to be granted to a connected person who is also a substantial shareholder (as defined in the GEM Listing Rules) or an independent non-executive director of the Company or any of their respective associates, and the proposed grant of options, when aggregated with the options already granted to that connected person in the past 12-month period, would entitle him to receive more than 0.1 per cent. of the total issued shares of the Company for the time being and the value of which, based on the closing price of the Shares at the proposed date of grant, is in excess HK\$5 million, the proposed grant must be subject to the approval of shareholders of the Company in general meetings. The connected person involved and all other connected persons of the Company must abstain from voting in such general meeting (except where any connected person intends to vote against the proposed grant). A shareholders' circular must be prepared by the Company explaining the proposed grant, disclosing the number and terms of the options to be granted and containing a recommendation from the independent directors on whether or not to vote in favour of the proposed grant.

(f) Time of exercise of option

An option may be exercised in accordance with the terms of the GEM Share Option Scheme at any time during a period ("Option Period") to be notified by the Option Scheme Committee to each grantee, such period not to be less than 3 years and not to exceed 10 years from the date on which the option is offered in accordance with the terms of the GEM Share Option Scheme. There is neither any performance target that needs to be achieved before the options can be exercised nor any minimum period for which an option must be held before it can be exercised.

(g) Rights are personal to grantee

An option may not be transferred and is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part.

(h) Rights on cessation of employment by death

If the grantee of an option ceases to be an employee of the Company or its subsidiaries by reason of death, his personal representatives may exercise the option (to the extent not already exercised) within a period of twelve months thereafter (or such longer period as the GEM Option Scheme Committee may determine), failing which it will lapse.

(i) Rights on cessation of employment by dismissal

If the grantee of an option ceases to be an employee of the Company or its subsidiaries on the grounds that he has been guilty of serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Company or the relevant subsidiary, his option will lapse and not be exercisable on the date of termination of his employment.

(j) Rights on cessation of employment for other reasons

If the grantee of an option leaves the service of the Company or its subsidiaries for any other reason, his option may be exercised within three months following the date of such cessation, which date shall be the last actual working date with the Company or the relevant subsidiary, whether salary is paid in lieu of notice or not.

(k) Effects of alterations to share capital

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, such corresponding alterations (if any) shall be made in the number of Shares subject to outstanding options so far as unexercised and/or the subscription price per Share of each outstanding option and/or the method of exercise of the option as the auditors of the Company shall certify in writing to the GEM Option Scheme Committee to be in their opinion fair and reasonable. Any such alterations will be made on the basis that the proportion of the issued share capital of the Company to which a grantee is entitled to subscribe pursuant to the option after such alteration shall remain the same as that to which he was entitled before such alteration. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of Shares as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(l) Rights on a general offer

In the event that a general offer is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the option, the Company shall give notice thereof to the grantee, whereupon the grantee (or his personal representatives) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date of such notice.

(m) Rights on winding up

In the event that a notice is given by the Company to its shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to the grantee (or his personal representatives), who may by notice in writing to the Company (such notice to be received by the Company not later than two business days prior to the proposed general meeting) exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed general meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise.

(n) Rights on compromise or arrangement

In the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with the scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and the grantee (or his personal representatives) may by notice in writing to the Company accompanied by the remittance for the exercise price in respect of the relevant option (such notice to be received by the Company not later than two business days prior to the proposed meeting) exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise credited as fully paid and register the grantee as holder thereof.

(o) Ranking of Shares

Shares allotted and issued on the exercise of options will rank *pari passu* with the other fully paid Shares in issue on the date of issue, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling before the date of issue.

(p) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) subject to paragraphs (q) and (t) below, the expiry of the option period;
- (ii) the expiry of any of the periods referred to in paragraphs (f), (h) and (j) above;
- (iii) subject to the High Court of Hong Kong not making an order prohibiting the offeror to acquire the remaining Shares in the offer, the expiry of the period referred to in paragraph (m) above;
- (iv) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (n) above;
- (v) the date of the commencement of the winding-up of the Company;
- (vi) the date on which the grantee ceases to be an employee by reason of the termination of his or her employment referred to in paragraph (i) above; and
- (vii) the date on which the grantee in any way sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any third party over or in relation to any option.

(q) Period of the GEM Share Option Scheme

Subject to earlier termination by the Company in general meeting, the GEM Share Option Scheme shall be valid and effective for a period of ten years from 3rd July, 2000, the date on which the GEM Share Option Scheme was conditionally adopted by the Company. Options which are granted during the life of the GEM Share Option Scheme may continue to be exercisable in accordance with their terms of issue within 3 years after the end of the life of the GEM Share Option Scheme.

(r) Alterations to the GEM Share Option Scheme

The GEM Share Option Scheme may be altered in any respect by a resolution of the GEM Option Scheme Committee save that the provisions of the GEM Share Option Scheme as to the definitions of “Employee”, “Grantee” and “Option Period”, the duration of the GEM Share Option Scheme, the grant of options, the subscription price, the exercise of options, the lapse of options, the maximum number of shares available for subscription, the reorganisation of the capital structure of the Company and the alteration of the GEM Share Option Scheme cannot be altered to the advantage of grantees or prospective grantees of options except with the prior

sanction of an ordinary resolution of the Company in general meeting (with all grantees, prospective grantee and their associates (as defined in the GEM Listing Rules) abstaining from voting).

(s) Administration of the GEM Share Option Scheme

The GEM Share Option Scheme shall be administered by the GEM Option Scheme Committee whose members will include the independent non-executive Directors and, if applicable, the independent non-executive directors of any holding company of the Company which is also listed on the Main Board or on GEM.

(t) Termination of GEM Share Option Scheme

The Company by ordinary resolution in general meeting may at any time terminate the operation of the GEM Share Option Scheme and in such event no further options will be offered but the provisions of the GEM Share Option Scheme shall remain in full force and effect in all other respects. Options complying with the provisions of Chapter 23 of the GEM Listing Rules which are granted during the life of the GEM Share Option Scheme and remain unexpired immediately prior to the termination of the operation of the GEM Share Option Scheme shall continue to be exercisable in accordance with their terms of issue within one month after the termination of the operation of the GEM Share Option Scheme.

(u) Cancellation of options

Any cancellation of options granted but not exercised shall require approval of shareholders of the Company in general meeting, and the relevant grantees and their respective associates (as defined in the GEM Listing Rules) shall abstain from voting. Any vote taken at the general meeting for approving such cancellation shall be taken by poll. Cancelled options may be re-issued after such cancellation has been approved, provided that re-issued options shall only be granted in compliance with the terms of the GEM Share Option Scheme.

Present status of the GEM Share Option Scheme

As at the Latest Practicable Date, options to subscribe for 2,332,000 Shares (including options to subscribe for 500,000 Shares granted to Ms. Ho Suk Yi as disclosed above in the paragraph headed “C. Further information about the Group’s Directors, senior management and staff”) granted under the GEM Share Option Scheme at a consideration of HK\$1.00 per grant were outstanding.

Particulars of such outstanding options under the GEM Share Option Scheme granted are set out below:

Grantee	Date of grant	Number of Shares subject to outstanding options as at the Latest Practicable Date	Exercise Price (HK\$)	% of shareholding	Exercise period
Employees (number of employee(s))					
1	2nd July, 2003	25,000	0.24	0.01%	2nd July, 2004 to 2nd July, 2013
10	17th May, 2004	999,000	0.28	0.36%	17th May, 2005 to 2nd July, 2013
6	7th July, 2005	808,000	0.80	0.29%	7th July, 2006 to 2nd July, 2013
Director					
Ms. Ho Suk Yi (Note)	17th May, 2004	250,000	0.28	0.09%	17th May, 2005 to 2nd July, 2013
Ms. Ho Suk Yi (Note)	9th December, 2004	250,000	0.43	0.09%	9th December, 2005 to 2nd July, 2013
		<u>2,332,000</u>			

Note: The address of Ms. Ho Suk Yi is Room 1304, Ka Wui House, Ka Keung Court, 3 Fu Mei Street, Kowloon, Hong Kong.

If the above options are exercised in full, the Shares to be issued would represent approximately 0.8% of the issued Share capital of the Company as at the Latest Practicable Date. If the options granted under the GEM Share Option Scheme as at 31st December, 2006 (including the options granted over an aggregate of 2,332,000 Shares above), the audited diluted earnings per Share for the year ended 31st December, 2006 will be approximately HK\$0.1984, the amount of which is not significantly different when compared with the audited basic earnings per Share for the year ended 31st December, 2006 of approximately HK\$0.2007 without taking into account of the exercise of the options granted under the GEM Share Option Scheme.

E. PROPOSED SHARE OPTION SCHEME

The following is a summary of the principal terms of the rules of the Proposed Share Option Scheme proposed to be adopted by the Shareholders at the SGM to replace the GEM Share Option Scheme:

For the purpose of this section only, unless the context otherwise requires the following words shall have the following meanings:

“Adoption Date”	13th July, 2007, the date on which the Proposed Share Option Scheme was conditionally adopted by resolutions of the Shareholders;
“Board”	the board of directors of the Company for the time being or a duly authorised committee thereof;
“Business Day”	any day (excluding a Saturday and Sunday) on which banks are generally open for business in Hong Kong;
“Date of Grant”	in respect of an Option, the Business Day on which the Board resolves to make an Offer to a Participant whether or not the Offer is subject to Shareholders’ approval on the terms of the Proposed Share Option Scheme;
“Grantee”	any Participant who accepts an Offer in accordance with the terms of the Proposed Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee or the legal personal representative of such person;
“Group”	the Company and its Subsidiaries;
“Offer”	the offer of the grant of an Option;
“Option”	an option to subscribe for Shares pursuant to the Proposed Share Proposed Option Scheme and for the time being subsisting;
“Option Period”	in respect of any particular Option, the period to be determined and notified by the Board to the Grantee at the time of making an Offer which shall not expire later than 10 years from the Date of Grant;

“Participants”	directors (including executive directors, non-executive directors and independent non-executive directors) and employees of any member of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters and service providers to any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group;
“Shareholder(s)”	holder(s) of the Shares;
“Shares”	ordinary shares of HK\$0.20 each in the share capital of the Company, or, if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company or such nominal amount as shall result from any such sub-division, reduction, consideration, reclassification or reconstruction; and
“Subsidiary”	the meaning ascribed to it under the Listing Rules.

The Proposed Share Option Scheme contains the following terms:

(a) Purpose

The purpose of the Proposed Share Option Scheme is to reward Participants who have contributed to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

(b) Who may join

The Directors may, at their discretion, invite Participants to take up Options at a price calculated in accordance with paragraph (d) below. An offer of Option shall remain open for acceptance by the Participant concerned for a period of 28 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after the Proposed Share Option Scheme is terminated or after the Participant for whom the Offer is made has ceased to be a Participant. An Offer is deemed to be accepted when the Company receives from the Grantee the Offer letter signed by the Grantee specifying the number of Shares in respect of which the Offer is accepted and a remittance to the Company of HK\$1.00 as consideration for the grant of Option. Such remittance is not refundable in any circumstances. The Offer shall specify the terms on which the Option is to be granted. Such terms may at the discretion of the Board, include, among other

things, (i) the minimum period for which an Option must be held before it can be exercised; and/or (ii) a performance target that must be reached before an Option can be exercised in whole or in part; and (iii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.

(c) Grant of Options to connected persons or any of their associates

Any grant of Options to any director, chief executive or substantial shareholder (as such term is defined in the Listing Rules) of the Company, or any of their respective associates under the Proposed Share Option Scheme or any other share option schemes of the Company or any of its Subsidiaries shall be subject to the prior approval of the independent non-executive directors of the Company (excluding independent non-executive directors who are the proposed Grantees of the Options in question). Where any grant of Options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and
- (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK\$5 million,

such further grant of Options shall be subject to prior approval by resolution of the Shareholders (voting by way of poll) on which all connected persons of the Company abstain from voting in favour. The Company shall send a circular to the Shareholders in accordance with the Listing Rules.

(d) *Subscription price*

The subscription price for the Options shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

- (1) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant which must be a Business Day;
- (2) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant; and
- (3) the nominal value of the Shares.

(e) *Maximum number of Shares*

- (1) The maximum number of Shares which may be issued upon exercise of all Options to be granted under the Proposed Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the Listing Date (the "Scheme Mandate Limit") on the basis of 275,442,000 Shares in issue on the Listing Date. Options lapsed in accordance with the terms of the GEM Share Option Scheme and (as the case may be) such other GEM Share Option Schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Scheme Mandate Limit may be renewed at any time with prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all Options to be granted under the Proposed Share Option Scheme and any other share option schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the renewal of the Scheme Mandate Limit. Options previously granted under the Proposed Share Option Scheme and any other share option scheme(s) of the Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the refreshed Scheme Mandate Limit.

- (2) Notwithstanding the foregoing, the Company may grant Options beyond the Scheme Mandate Limit to Participants if:
 - (i) separate Shareholders' approval has been obtained for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before such Shareholders' approval is sought; and
 - (ii) the Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to the Shareholders containing such information as may be required by the Listing Rules then prevailing to be included in such circular.
- (3) Subject to paragraph (4) below, the maximum number of Shares issued and to be issued upon exercise of the Options granted to each Grantee under the Proposed Share Option Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting) exceed 1% of the Shares in issue for the time being (the "Individual Limit").
- (4) Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Participant and his associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant) and such other information required under the Listing Rules.

(f) *Maximum number of Options to any one individual*

At any time, the maximum number of Shares which may be issued upon exercise of all Options which then have been granted and have yet to be exercised under the Proposed Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 30% of the Shares in issue from time to time (the “Scheme Limit”).

(g) *Time of exercise of option*

An Option may be exercised in accordance with the terms of the Proposed Share Option Scheme at any time during the period to be determined and notified by the Board to each Grantee, at the time of making an Offer which shall not expire later than 10 years from the Date of Grant.

(h) *Rights are personal to grantees*

An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option.

(i) (1) *Rights on termination of employment by dismissal*

- (i) If the Grantee ceases to be a Participant by reason of the termination of his employment or directorship on the grounds that he has been guilty of serious misconduct, bankruptcy or is unable to pay his debts when they fall due, insolvency, making any arrangement or compromise with his creditors generally, conviction of any criminal offence involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment summarily, his Option (to the extent not already exercised) shall lapse automatically and shall not be exercisable on or after the date of termination of his employment.
- (ii) If the Grantee who is an employee or a director of the Company or another member of the Group ceases to be a Participant for any reason other than his death or termination of his employment or directorship or one or more of the grounds specified in (i)(1)(i) above, the Option (to the extent not already exercised) shall lapse on the date of cessation or termination of his employment and shall on that day cease to be exercisable.

(2) *Rights on death*

If the Grantee ceases to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment as described in paragraph (i)(1)(i) above have arisen, his personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) until the earlier of (i) the period of 12 months following his death or (ii) the last day of the original Option Period as specified in the letter containing the Offer concerned.

(3) *Rights on cessation to be a participant*

If the Grantee who is not an employee or a director of the Company ceases to be a Participant as and when determined by the Board by resolution for any reason other than his death, the Board may by written notice to such Grantee within one month from the date of such cessation determine the period within which the Option (or such remaining part thereof) shall be exercisable following the date of such cessation.

(j) *Effect of alterations to share capital*

In the event of an alteration in the capital structure of the Company whilst any Option remains exercisable by way of capitalisation of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares, or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), corresponding adjustments (if any) shall be made to:

- (1) the number or nominal amount of Shares subject to the Option so far as unexercised; or
- (2) the subscription price for the Option,

or any combination thereof, provided that:

- (i) any such adjustments give a Grantee the same proportion of the equity capital of the Company as that to which that Grantee was previously entitled; and

- (ii) notwithstanding paragraph (j)(i) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue, shall be made in accordance with the Supplementary Guidance on the Listing Rule 17.03(13) issued by the Stock Exchange on 5th September, 2005 and all, such other relevant guidelines or supplementary guidance as may be issued by the Stock Exchange from time to time

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value.

In respect of any such adjustments, an auditor of the Company for the time being or a financial adviser or the Company's auditors must confirm to the Directors in writing that the adjustments satisfy the requirements set out in paragraphs (j)(i) and (j)(ii) above.

(k) Rights on a general offer by way of takeover

In the event of a general offer by way of takeover or otherwise (other than by way of scheme of arrangement) being made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) shall be entitled to exercise the Option in full (to the extent not already exercised) or to the extent as notified by the Company at any time within such period as shall be notified by the Company.

(l) Rights on a general offer by way of scheme of arrangement

In the event of a general offer for Shares by way of scheme of arrangement being made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company.

(m) Rights on winding up

In the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his legal personal representative) may at any time thereafter

(but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares to the Grantee which fall to be issued on exercise of such Option.

(n) Rights on a compromise or arrangement

In the event of a compromise or arrangement (other than a scheme of arrangement) between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice to all the Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a compromise or arrangement, and any Grantee (or his legal personal representative) may at any time thereafter but before such time as shall be notified by the Company exercise the Option either to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

(o) Ranking of Shares

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the memorandum of continuance and bye-laws of the Company for the time being in force and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which those Shares are allotted on exercise of the Option and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the date on which the Shares are allotted other than any dividend or distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted.

(p) Period of the Proposed Share Option Scheme

The Proposed Share Option Scheme was adopted for a period of 10 years commencing on Adoption Date. The Company may, by ordinary resolution in general meeting or such date as the Board determines, terminate the Proposed Share Option Scheme at any time without prejudice to the exercise of Options granted prior to such termination.

(q) Alterations to the Proposed Share Option Scheme

Those specific provisions of the Proposed Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of the Participants, and changes to the authority of the Board in relation to any alteration of the terms of the Proposed Share Option Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Proposed Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must also, to be effective, be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Proposed Share Option Scheme. The Proposed Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

(r) Conditions of the Proposed Share Option Scheme

The Proposed Share Option Scheme shall take effect subject to:

- (1) the passing of ordinary resolution(s) by the Shareholders at the SGM to approve and adopt the Proposed Share Option Scheme and to authorise the Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options;
- (2) the Listing Committee (as defined in the Listing Rules) of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares which fall to be issued pursuant to the exercise of any Options (subject to an initial limit of 10% of the aggregate number of Shares in issue on the date of the SGM (assuming that there is no change in the total issued share capital of the Company from the Latest Practicable Date to the Listing Date, shall be 27,544,200 Shares)); and
- (3) the commencement of dealings in Shares on the Main Board.

(s) Lapse of Option

An Option shall lapse automatically and shall not be exercisable (to the extent not already exercised) on the earliest of:

- (1) the expiry of the Option Period;
- (2) the expiry of the periods referred to in paragraph (g), (i)(2) or (i)(3) above respectively;

- (3) the expiry of the period referred to in paragraph (k) above, subject to any court of competent jurisdiction not making an order to prohibit the offeror from acquiring the remaining Shares in the Offer;
- (4) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (l) above;
- (5) the date of commencement of the winding-up of the Company;
- (6) the date on which the Grantee ceases to be a Participant as referred to in paragraph (i)(1) above;
- (7) the date on which the Grantee commits a breach by selling, transferring, charging, mortgaging, encumbering or creating any interest in favour of any third party over or in relation to any Option; and
- (8) subject to paragraph (i)(1)(i) above, the date the Grantee ceases to be a Participant for any other reason.

(t) Termination of the Proposed Share Option Scheme

The Company by ordinary resolution in general meeting or the Board may at any time terminate the Proposed Share Option Scheme and in such event no further Options will be offered or granted but in all other respects the provisions of the Proposed Share Option Scheme shall remain in full force and effect in respect of Options which are granted during the life of the Proposed Share Option Scheme and which remain unexpired immediately prior to termination of the operation of the Proposed Share Option Scheme.

(u) Restriction on Grant of Option

In addition, a grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the newspapers pursuant to Rule 17.05 of the Listing Rules, in particular, during the period commencing one month immediately preceding the earlier of:

- (1) the date of the board meeting of the Company (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, or quarterly or any other interim period (whether or not required under the Listing Rules); and

- (2) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules);

and ending on the date of the results announcement, no Option may be granted.

(v) *Cancellation*

Any Options granted but not exercised may be cancelled if the Grantee so agrees.

F. OTHER INFORMATION

Related party transactions

During the Track Record Period, the Group had engaged in the related party transactions as mentioned in note 38 of section II of the accountants' report set out in Appendix I to this document.

Personal guarantees

The Directors have not provided any guarantees in favour of banks for debts and liabilities due by members of the Group.

Estate duty and tax indemnity

Pursuant to a deed of indemnity dated 10th July, 2000, Mr. Chow Yung, Century Faith Investment Limited, Publi Promotion Network Asia Holdings Limited, and JC Decaux Pearl & Dean Limited, the substantial shareholders of the Company at the time when the Company was listed on GEM in 2000, gave joint and several indemnities in connection with, inter alia, any liability for Hong Kong estate duty which might be payable by any member of the then Group, by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong)) to any member of the then Group and any other tax liabilities of the then Group on or before 20th July, 2000 except in certain circumstances including:

- (a) where such liability would not have arisen but for any act or omission by any member of the then Group voluntarily effected other than any such act, omission or transaction:
 - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets; or

- (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 31st December, 1999 or pursuant to any statement of intention made in the prospectus of the Company dated 11th July, 2000; or
 - (iii) consisting of any member of the then Group ceasing, or being deemed to cease, to be a member of any group of companies or being associated with any other company;
- (b) to the extent that adequate provision had been made in the audited accounts of the Company as at 31st December, 1999; or
- (c) to the extent of any provisions or reserve made in the audited accounts of the Company as at 31st December, 1999 which is finally established to be an over-provision or an excessive reserve, provided that the amount of any such provision or reserve applied to reduce the indemnifiers' liability shall not be available in respect of any such liability arising thereafter.

Such indemnities will continue to be effective after the commencement of trading of the Shares on the Main Board.

Litigation

As at Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

The Sponsor

The Sponsor has made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, on the Main Board, the Shares in issue and any Shares which may fall to be allotted and issued pursuant to the exercise of any options which have been granted under the GEM Share Option Scheme prior to its termination and the Proposed Share Option Scheme.

The Sponsor's interest in the Company

The Sponsor will receive sponsorship fees.

JAIC-Somerley Corporate Development Fund Limited (the "Fund"), of which the Sponsor held a 20% shareholding, acquired 8,150,000 Shares (then 163,000,000 shares before the Company's share consolidation in August 2004 (the "Share Consolidation")) by way of a share placement in February 2003. The Fund further acquired 8,638,178 Shares (172,763,568 shares before the Share Consolidation) in the rights issue of the Company in March 2004. In April 2005, the Fund disposed

of 12,000 Shares. As at the Latest Practicable Date, none of the Sponsor or any of its associates was interested in the issued share capital of the Company.

Save as disclosed above, none of the Sponsor or any of its associates has any shareholding interest in the Company or any member of the Group or the right (whether legally enforceable or not) to subscribe for or, to nominate persons to subscribe for, securities in any member of the Group during the Track Record Period.

Promoter

There is no promoter of the Company.

Qualification of experts

The qualification of the experts who have given opinion or advice in this document are as follows:

Expert	Qualification
Somerley	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
Grant Thornton	Certified Public Accountants
Conyers Dill & Pearman	Legal advisers on Bermuda law
Zhong Lun	Legal advisers on PRC law
CB Richard Ellis Limited	Professional surveyors and valuers

Consents of experts

Each of Somerley, Grant Thornton, Conyers Dill & Pearman, Zhong Lun, CB Richard Ellis Limited, has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or valuation and/or the reference to its name included in the form and context in which they are respectively included.

Expenses for listing

The estimated total amount of the expenses for the Introduction is approximately HK\$5 million and is payable by the Company.

Disclaimers

Save as disclosed in this document, as at the Latest Practicable Date:

- (i) none of the Directors nor any of the persons whose names are listed in the paragraph headed “Qualification of experts” in this appendix was materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group;
- (ii) none of the Directors nor any of the parties listed in the paragraph headed “Consents of experts” in this appendix is interested in the promotion of the Company in any assets which have within the two years immediately preceding the issue of this document been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (iii) none of the persons whose names are listed in the paragraph headed “Consents of experts” in this appendix had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (iv) so far as is known to the Directors, none of the Directors, their respective associates or Shareholders who are interested in 5% or more of the issued share capital of the Company have any interests in the five largest customers or the five largest suppliers of the Group; and
- (v) without taking into account of any Shares to be issued pursuant to the exercise of any options which may be granted under the GEM Share Option Scheme, the Directors are not aware of any person (not being a Director or chief executive of the Company) who will, immediately after completion of the Introduction be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Miscellaneous

- (a) Within the two years immediately preceding the date of this document:
 - (i) no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of the Company or any of its subsidiaries; and
 - (iv) none of the Directors nor any of the persons whose name are listed in the paragraph headed “Qualification of experts” in this appendix had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group.
- (b) No founders or management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued.
- (c) No security of the Group is presently listed or proposed to be listed on any stock exchange or traded on any stock exchange other than the Stock Exchange.
- (d) All necessary arrangements have been made to enable the Shares to continue to be accepted by CCASS as eligible securities for clearing and settlement.
- (e) The English text of this document shall prevail over the Chinese text.